

**IDENTIFICATION OF  
POTENTIAL DONOR  
FINANCING FOR SHORT-  
TERM INVESTMENT  
PROJECTS IN TIRANA AND  
DURRES**

Prepared for

East European Regional Housing Sector Assistance  
Project Project 180-0034  
U.S. Agency for International Development,  
ENI/EEUD/UDH  
Contract No., EPE-C-00-95-001100-00, RFS No. 117



Prepared by

James Dohrman  
Christopher Kaczmariski  
*Research Triangle Institute*

under subcontract to

The Urban Institute



**THE URBAN INSTITUTE**

2100 M Street, NW  
Washington, DC 20037  
(202) 833-7200  
[www.urban.org](http://www.urban.org)

April 1998  
UI Project 06610-117



## TABLE OF CONTENTS

INTRODUCTION .....	1
PRELIMINARY DONORS IDENTIFICATION .....	3
Donors Selection Criteria .....	3
Assessment of Donor Funding Programs .....	4
EU Phare .....	5
World Bank .....	8
Italian Cooperation Fund .....	9
ECHO Fund .....	10
International NGOs .....	12
PRELIMINARY PROJECTS IDENTIFICATION .....	13
Visibility .....	13
Costs .....	14
Health and Public Safety .....	14
Economic Benefit .....	14
Jobs Creation .....	14
DURRES .....	14
Road Construction and Resurfacing .....	15
City Cleaning - Jobs Creation .....	17
Sewers .....	18
Water Distribution .....	20
Urban Planning .....	20
City Greening .....	22
Other Projects .....	22
TIRANA .....	25
Sewers .....	25
Road Construction/Resurfacing .....	27
Cleaning / Solid Waste Management .....	29
Water Supply and Distribution .....	31
Street Lighting .....	32
CONCLUSIONS AND RECOMMENDATIONS .....	35
NEXT STEPS .....	38
Activity 1 .....	38
Activity 2 .....	38
Activity 3 .....	39
Activity 4 .....	40
APPENDIX 1	
List of Interviewed Officials	
APPENDIX 2	
Preliminary Projects Financing Summary	

# **IDENTIFICATION OF POTENTIAL DONOR FINANCING FOR SHORT-TERM INVESTMENT PROJECTS IN TIRANNA AND DURRES**

## **INTRODUCTION**

This report constitutes the first deliverable resulting out of the field activities carried out by the project team in Albania during the period of April 16 through April 30, 1998 in accordance with RFS No. 117, "Assistance in Short-Term Investment Plan for Tirana and Durres" under the Housing and Urban Development Assistance in Central and Eastern Europe contract No. EPE-C-00-95-001100-00.

The major aim of the program is to provide the assistance to municipalities of Tirana and Durres to help them develop a short term investment plan with projects that could be eligible for financing by interested donor organizations which are currently operating in Albania.

The assessment of the donor activities in Albania indicates that a great deal of effort goes into implementation of large scale investment projects as well as educational, social, health care and humanitarian assistance whereas financing of the small and short-term municipal investment projects does not appear to be taking place. Nevertheless, these small projects are of great priority importance to the local communes and collectively represent a significant area of capital investment needs to be undertaken by local governments. The program of "Short-term Investment Plan for Tirana and Durres" intends to stimulate interest in undertaking implementation of small yet visible to the public investment projects, by both sides i.e., the Albanian local governments and the international donors. The ultimate goal of this program is to further the process of local governments strengthening by providing the officials an opportunity to show to citizens that there is a way for the local government to make a difference and achieve quick results.

The following chart indicates a schematic flow diagram of the project completion phases grouped by Tasks No. 1, 2 and 3 to be carried out by the project team.

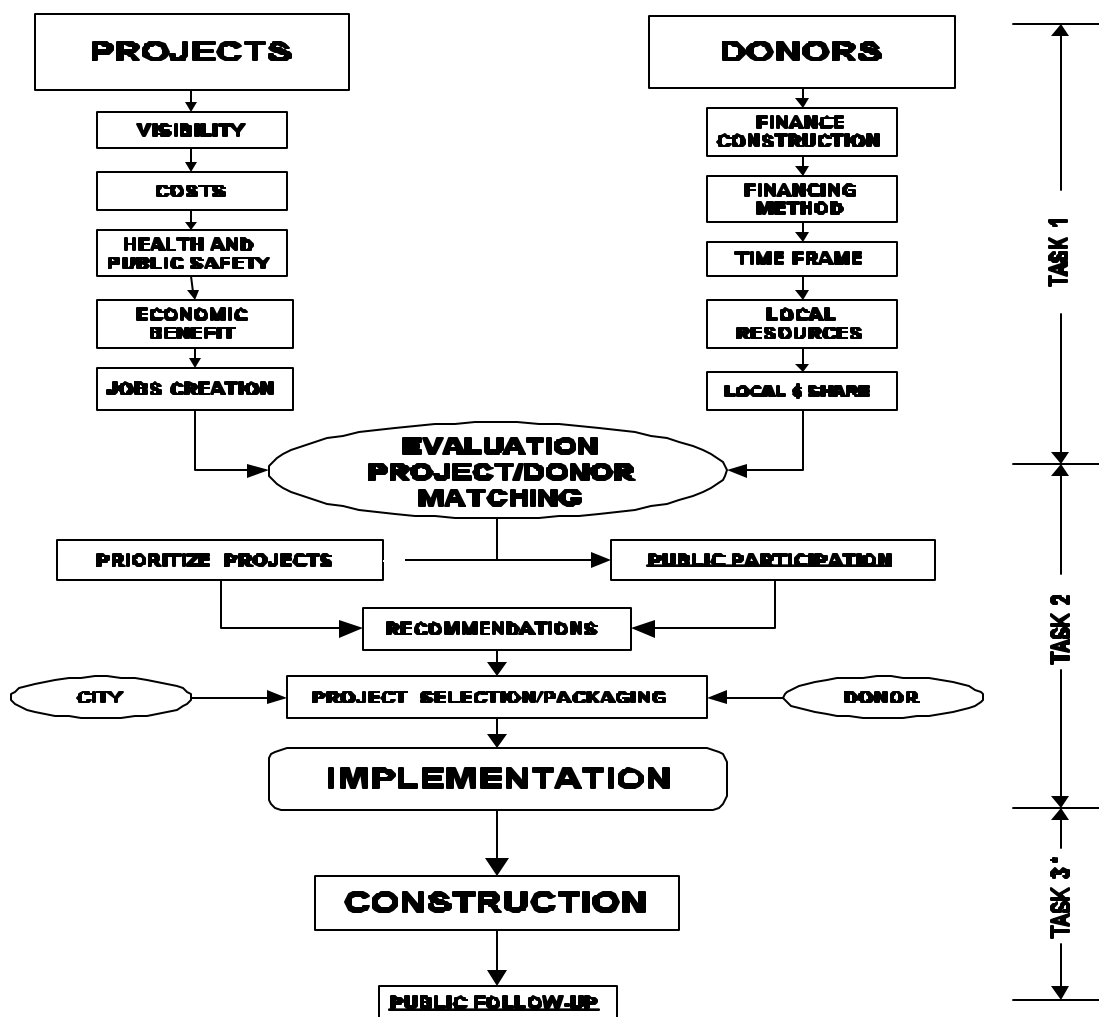
It is anticipated that under Task No.1 of the program the team of experts will develop a long list of investment projects for potential matching with donors project financing criteria. Typical projects will include road paving and local street extensions, drainage and sewer extensions, deferred sewer maintenance, water distribution extensions and city greening. A significant need also exists for equipment to perform deferred maintenance. Likewise, a number of donors would be identified, consulted and invited for cooperation to support the program. The type of donors suitable for matching the objectives of the program would include those organizations that are willing to finance small construction costs, that would use grants as a primary financing instrument with only small co-financing requirement of the beneficiary municipality, and finally that would have a relatively fast financing approval and funds disbursement process allowing small projects implementation cycle of less than 12 months.

Task No. 2 will concentrate on direct work with municipalities of Tirana and Durres to



develop an investment plan based on the preliminary project list developed under Task No. 1. In this context the team will: (1) concentrate on assisting the local governments in project preparation focused on practical considerations of designs and costs; (2) assist the local governments in developing and implementing a process to obtain community inputs on needs and to facilitate community participation in setting priorities; (3) assist those local governments in developing a short-term investment plan of projects ranked in order of the priorities developed through consultation with the local community.

## PROJECT FLOW CHART



\* Refer to the specific detailed flow chart for proposed Task 3

**Under the final Task No. 3 upon the development of a short-term investment plan** of projects the assistance will be provided to the municipalities and to donors with an objective to match donors funding resources with specific projects included in the plan and to package the projects for financing in a format desirable by the donors. Additional chart representing more specific approach to completion of Task No. 3 resulting from project team initial assessments carried out under Task No. 1 is presented in the Recommendations Section of this report. Further modifications of the illustrated approach will most likely take place once the targeted donors are presented with investment package proposals and once they formulate more detailed project implementation requirements.

## **PRELIMINARY DONORS IDENTIFICATION**

In order to move forward with the project several key issues regarding identification of potential donors need to be considered and effectively addressed during the first phase of project roll-out. Those issues are expressed through the criteria formulated for donors identification and selection.

### ***Donors Selection Criteria***

The following criteria have been established under Task No. 1 of the project and will apply in the assessment and selection of donors for further participation in this program:

- ! **Construction Costs Financing.** As the USAID itself does not fund the technical implementation and construction phase of the projects it is of primary importance to identify those donors who are interested in financing short term municipal investments and who would welcome an opportunity to collaborate with a technical assistance program provided for municipalities which results in identification of prioritized projects and their packaging for donors financing.
- ! **Grant Financing.** Under the present state of fiscal, legal and administrative decentralization in Albania the municipalities do not possess adequate debt carrying capacity that would warrant consideration of loan type financing for the municipal investment projects. It is therefore necessary to limit the donors selection to those organizations that are willing to contribute funds in a form of grants. Minimal contributions on municipal side in a range of 5 to 10 percent of a total project value should be acceptable as those are intended to stimulate beneficiaries responsiveness and create a sense of responsibility for the implemented projects.
- ! **Short Timing and Quick Funds Availability.** Due to the relatively short time horizon for the completion of activities associated with USAID's program roll-out

and implementation contrasted by a long process of funding approval and funds disbursement by a typical donor grant program, the assessment of donors needs to concentrate on identifying those donor programs that have already been started up and are ongoing, those that will be ready to disburse the funds within the next 12 months and those that are of emergency assistance type and therefore by design have simplified application and approval procedures as well as shortened time for funds transfer.

### ***Assessment of Donor Funding Programs***

The following major donor organizations operating in Albania and actively participating in the public investment sector have been identified by the Urban Institute/RTI team during the activities under Task No. 1 of the project:

- EU Phare
- World Bank
- Italian Cooperation Fund
- ECHO Fund
- MEDTAP (Mediterranean Technical Assistance Program)
- Soros Foundation
- KfW German Bank for Development
- Swiss Government

Other donor organizations operating in Albania but focusing their attention primarily on a private investor sector include *European Bank for Reconstruction and Development*, *International Finance Corporation* and *European Investment Bank*, as well as the *Government of Kuwait* and the *Government of Saudi Arabia* represented by various banking institutions. This group of donors and specifically the Arabic countries could prove to be a valuable partner for cooperation, especially due to their cultural motivation to strengthen the relationship with local communities in Albania, however, in reality involving this group of donors would most likely be a lengthy process and would not satisfy our timing criteria. Likewise, the *Soros Foundation* has a very specific agenda in Albania with an exclusive focus on education and *MEDTAP*, a program based in Cairo and financed jointly by a number of European countries has funds available for projects preparation and feasibility studies but will not finance the construction costs. The Swiss Government which provides assistance through the *Swiss Cooperation Fund* is unlikely to participate in the USAID program due to a change in a scope (50 percent 1998 budget reduction) and a new strategy which moves away from direct financing of construction and turns towards support for education, training and capacity building i.e., broadly understood “soft type” of technical assistance.

The *KfW German Development Bank* is locally known to be involved in relatively large

and lengthy investment projects thereby not fitting the profile of the donor best suited for cooperation with USAID's program. The interviews with officials representing KfW confirmed its low compatibility with the Short-term Investment Plan project. Although the government of Germany has just appropriated \$20.6 million for the additional assistance to Albania the funds are earmarked for specific projects ranging in size from \$1.7 million for family planning assistance to \$8.4 million for the rehab work of Ohrid Lake in southeast Albania.

The following discussion summarizes findings of the project team compiled during the meetings with representatives of the identified donor organizations over the period of April 15 to April 30, 1998. In addition contacts have been initiated with two selected international NGOs as it became apparent that some of the donors require involvement of NGOs in the process of investment projects financing and implementation. The contacted NGO's included *MOLISV of Italy* and a *Plan International of Holland*.

### **EU Phare**

The European Union operates several programs which support financing of the public investment projects in Albania from the EU Phare resources.

#### **Water Infrastructure**

The most visible program is currently being developed through the EU Phare Water Infrastructure PMU for financing of the projects identified in Municipal Water and Wastewater sector. The program is ran in cooperation with the Albanian Ministry of Public Works and Transportation. The list of the projects has been developed and includes investments of various magnitude and various stages of development and implementation. Although the EU Phare is a major contributor of funds for the preidentified projects the program assumes coordination of financing of various project tasks among a larger number of donors such as World Bank, KfW, Austrian Government and others.

#### *Comments:*

- ! The projects listed and considered for funding under this program are generally in a price range and scope that exceeds the ramification of the short-term investment plan aimed at by the USAID.
- ! The quick disbursement of funds for the preidentified projects is limited by the overall lack of feasibility studies and detailed construction designs. The internal procedures of the program may result in a waiting period for investment funds disbursement ranging from 24 to 30 months.



- ! All donors participating in the project stress the issue of financing agreements conditionality relative to the “lifting of water rate caps” which needs to be dealt with at the ministerial level and may significantly contribute to the increase of project implementation time.
- ! One (1) million ECU is available under this program for five municipalities including Durres for the purpose of water and sewer utilities equipment purchase with a stipulation that the equipment will be turned over for use by municipal employees. As the equipment purchase program has a relatively short implementation cycle it may become a feasible source of donor funding.

#### *Conclusions:*

In general the EU Phare Water Infrastructure Program does not appear to be structured in a manner that would adequately meet the criteria for selecting suitable donor institution. This is primarily due to the prolonged timing of funds disbursements which would hinder the ability of the USAID program to achieve quick and tangible results. However, the funds available through the EU Phare program for equipment purchase should be taken under consideration in subsequent phases of project implementation.

#### **“Improved Tirana” Local Community Development Program (LCDP)**

The Improved Tirana LCDP program of the EU Phare is presently being set-up through the Albanian Development Fund (ADF) to assist the municipality of Tirana in financing of the small infrastructure projects such as street side walks repairs, provision of street lighting or rehab of selected portions of the sewerage network. The objective of the program is to show to the population that it is possible to make a difference by implementing inexpensive investment projects.

The program has been allocated resources of 3 million ECU and will fund projects estimated within the range of 30,000 ECU to 120,000 ECU. All projects will be subject to an open national procurement procedure. Funding of each individual project will be through a 90 to 95 percent grant with required 5 to 10 percent beneficiary co-financing, whereas five percent relates to rural and 10 percent to urban areas. The maximum of two percent of the project estimated cost is typically the EU Phare’s allowance for the technical documentation preparation. The program is intended to cover three pilot zones within the city including city’s center as one of the zones and will last for approximately 18 months starting in October 1998. Funds disbursements can be initiated only after the Financing Memorandum is finalized and signed at the EU Phare headquarters.

Once the Financing Memorandum is signed the implementation procedure to be involved by ADF will be as follows: (1) contract with a civil engineer for design; (2) request bid and award the contract; (3) ADF will implement the projects and will have three chief inspectors (in anticipation of work in three pilot zones) plus additional inspectors as necessary; (4) the municipality will supervise projects independently via their own engineers; (5) ADF will ask the Mayor to assign a full time contact person. In September the Executive Director of ADF will appoint two engineers to work with Improved Tirana Program. Those engineers will be assigned the responsibility for projects implementation.

It is anticipated that the Financing Memorandum will be ready for signature in September 1998. Among other items, the Financing Memorandum will outline specific project qualification criteria and will also present the list of projects prequalified for financing. These projects must therefore be identified and packaged within the next three to four months.

*Comments:*

- ! The overall objectives of the Improved Tirana Project are compatible with those of the USAID program. The cost range of the projects to be accepted for financing is within the range ensuring timely implementation and quick benefits.
- ! The funds will be disbursed by the donor in a form of grants with small municipal cofinancing required.
- ! The timing of the Improved Tirana project is exactly matching the schedule of USAID program implementation and allows three to four months for completion of projects screening and packaging.

*Conclusions:*

The Improved Tirana Local Community Development Program appears to be satisfying all of the basic donor selection criteria and shall be targeted for assistance in financing of the short-term projects identified at the municipality of Tirana during subsequent phases of the USAID program.

**Cross Border Cooperation (CBC) Program**

The Cross Border Corporation Program operating in Albania is funded by the European Union under individual agreements with the governments of Italy and Greece. The program is targeting road sector of investment projects in selected regions of the country. Five regions presently covered by the program include towns located at or near the Adriatic

coast line, i.e., Durres, Kavaje, Vlorre and along the Albania-Greece border,

i.e., Gjirokaster and Korce. The program's progress in projects implementation has been delayed primarily due to the nature of large projects that have been undertaken as well as due to apparent problems with proper land ownership identification. The program is in a process of changing its project implementation process by negotiating the involvement of the Albanian Development Foundation (ADF) as an Executing Agency. Under that scenario ADF would channel the funds from donor to contractor upon municipality's certification of invoices. Supervision of construction would be done in parallel by ADF inspectors and by municipal employees. It is anticipated that the Memorandum of Understanding between CBC and ADF will be signed by June, 1998 and should facilitate program's effectiveness in carrying out new investment projects. In 1998 the CBC will be in a position to accept proposals for funding of short-term investment projects for which the cost estimates do not exceed 300,000 ECU. The records indicate that in 1996 CBC provided projects funding in the amount of 1.9 million ECU under the Italian component and 1 million ECU under the Greek component of the program.

*Comments:*

- ! The Cross Border Cooperation prepares for initiating road investment projects program covering the city of Durres which is compatible with the objectives of the USAID's short-term investment program.
- ! The funding of projects will be on a grant basis provided through the Albanian Development Foundation which will ensure adequate project implementation to the donor.
- ! The timing of the CBC program fits the schedule of USAID's program and the CBC officials contacted by the project team expressed desire for collaboration.

*Conclusion:*

The Cross Border Cooperation meets the program criteria for inclusion on the list of acceptable donor organizations and shall be contacted during the next phase of Short-term Investment Program implementation.

**World Bank**

The World Bank is currently in a process of negotiating loans on four projects. The loans involve large projects such as the \$40 million construction of the port facilities in the City of Durres. The credits for these projects are suppose to become effective by August or September. Financing is provided by the World Bank in a form of loans to the Ministry of Finance which then transfers the funds through the conditional budget for implementation of

projects by the local governments. The program is coordinated by a

Project Coordination Unit placed at the Ministry of Finance. Local governments do not share the responsibility for repayment of the loans. Retroactive financing is allowed up to a limit of 10 percent of the projects costs.

*Comments:*

- ! Overall the World Bank shows little interest in collaborating with the USAID program. This is due to Bank's primary focus on large projects for which the financing is provided through the loans to the central government.
- ! The financing method used by the World Bank does not involve provision of grants for the local governments to support implementation of the capital improvement projects.

*Conclusions:*

The assessment of World Bank as a potential donor of funds for supplementing the implementation of the Short-term investment program leads to a negative conclusion. The Bank's focus on large investment projects financed through the loans to central government is the primary reason for incompatibility with the objectives of the USAID's program.

***Italian Cooperation Fund***

The Italian Cooperation Fund operates in Albania under the directives of the Government of Italy.

The Fund has already invested in Albania about 210 billion ITL (120 million USD). A new program concentrated on Tirana and Durres is presently under design by the Italian Cooperation. The major aim of the program is to improve citizens confidence in their local governments. This program will be implemented under two components:

- ! Land Development in Suburban Areas of Tirana and Durres
- ! Quick Impact Investment Projects for Central Areas of Tirana and Durres

It is the development of the Component No. 2 of the program that the Italian Cooperation would welcome the assistance of the complementary program designed by USAID. This component will fund the construction of quick impact high visibility investment projects in various sectors of municipal environment. In the past the Fund facilitated

infrastructure projects construction as well as provided funds for purchase of equipment necessary to introduce or improve provision of services by local government utilities. It is planned that by the end of June, 1998 the Italian Cooperation will have the

new program negotiated and agreed upon with the Government of Albania, thereby making it feasible to initiate projects preparation and implementation.

*Comments:*

- ! The Italian Cooperation Fund satisfies all of the criteria set for the selection of suitable donor organizations.
- ! The Fund's objectives under the new Quick Impact Program planned for municipalities of Tirana and Durres are almost identical to those of the USAID project and place the Fund on a position of natural partner to link with.
- ! The Italian Cooperation Fund offers good financial resources, intends to act very quickly, is willing to include USAID in its own group of partner organizations and indicates a serious approach to cooperation by encouraging establishment of a technical Memorandum of Understanding to set the basis of cooperation between beneficiary municipalities, ministry, USAID and Italian Cooperation.

*Conclusion:*

The Italian Cooperation Fund shall be included on a list of partner donor organization to get involved in the next phase of Short-Term Investment Program Implementation.

**ECHO Fund**

The ECHO Fund is an European humanitarian organization funded by the 15 European Community countries which initiated its operation in Albania a year ago and has so far been able to provide assistance in the amount of \$18 million on a cash grant basis. ECHO's main areas of involvement include public health and social services. The first phase of ECHO's activities has just reached its conclusion and the Fund is presently at a stage of redefining its strategy and objectives for the second phase. The discussions on future form of assistance to be provided by ECHO in Albania will take place in Brussels within the next two months. There is a possibility that based on experience gained in Albania so far, the goals of the program will shift from truly humanitarian activities to quick impact interventions in the fields of water/wastewater, solid waste, education, agriculture, etc. However, it should be expected that the area public health and public safety issues will dictate the kind of investments the Fund will most likely finance. The decision regarding future activities of ECHO in Albania is to be made by June 26, 1998. The collaboration between ECHO and

USAID's project may require approval of the EU. ECHO also requires that implementation of projects be carried out through a network of NGOs. That includes an international NGO who operates under a framework contract in collaboration with a local NGO located in Albania.

*Comments:*

- ! The concept of facilitating short-term, quick intervention projects has found an applause of the ECHO Fund Albanian resident coordinator Mr. James Shepperd. The possible future collaboration between the ECHO Fund and USAID's program could involve small investment projects with linkages to public health and public safety, i.e., minor water system improvements in Durres.
- ! The ECHO Fund project finance criteria are not available at the moment but should become available within the next two to three months once the new strategy for program's second phase is formulated and accepted by the European Union. However, based on the past activities and proposed changes in a strategic approach to provide assistance in Albania it may be assumed that the ECHO Fund has a good chance of meeting the Short-term Investment Plan donor selection criteria.
- ! Cooperation with ECHO Fund would require introduction of two additional partners into the program implementation process. The program would need two NGOs, one international and one local, both selected by the donor. Under this scenario the USAID funded assistance program would not work directly with the donor but through two levels of intermediaries which may cause lesser visibility as well as reduced effectiveness and ability to impact the investment projects implementation phase.
- ! The intent of using the ECHO Fund as a desirable donor may get complicated should the Fund decide to seek permission of the EU to formally cooperate with USAID funded assistance program. In such an instance arrangement and approval of a "transatlantic agreement" would be necessary.

*Conclusions:*

The ECHO Fund has a good potential of becoming an acceptable donor organization. However, due to the ongoing strategic reorganization of the Fund's programmed activities the ultimate assessment of ECHO's possible involvement would need to be completed. This would be possible within the next two to three months upon the EU's definition of ECHO's new operating strategy and resulting from it new project selection criteria.

### ***International NGOs***

The project team has met with the representatives of two international NGO organizations. Those included Plan International of Holland and MOLISV of Italy. The need for assessing the feasibility of working through an NGO arose from the discussions with donors such as the ECHO Fund which indicated that ECHO acting as a donor of grant for the construction of a project will require involvement of international and local NGOs which in essence shall act as the project implementation entities.

#### **MOLISV**

The Italian NGO MOLISV has indicated a strong interest in collaborating with USAID's technical assistance program. MOLISV typical activities involve collection of information on different project requests and proposals developed and submitted by districts, communes or municipalities and matching those project requests with donors. Once the funding is secured MOLISV then initiates the process of implementation by facilitating preparation of adequate procurement process and participation in contractor selection process as well as by processing of funds transfers and construction progress monitoring.

#### *Comments:*

- ! MOLISV appears to be very receptive to the ideas and objectives of the Short-term Investment Program of USAID. The assistance to be provided by USAID would allow MOLISV greater efficiency in dealing with mobilization of resources for implementation of small scale municipal investment projects and potentially would diversify the range of projects implemented.
- ! MOLISV expressed its interest in collaborating with the program whereas the USAID would be identifying projects and packaging them for donors and MOLISV would match the projects with best suited donors according to donors' specific project selection criteria.

#### *Conclusion:*

The involvement of MOLISV as an international NGO would facilitate the access to those donors that require engagement of such an organization especially for projects at the municipality of Durrës. Depending on acceptability of such arrangement to USAID and to considered donors MOLISV may become a useful partner in program implementation.

## **Plan International**

Although the mode of operation for Plan International (PI) in Albania is similar to that of MOLISV the organization differs significantly in its approach to working on investment projects implementation in the urban environment. This NGO's past experience resulted in a philosophy that effective implementation of short-term investment projects at larger Albanian municipalities is very difficult to achieve, therefore it is much more effective to concentrate on investments in the rural areas. The timing required for building up effective citizens participation in urban environment is usually very long. The success of such projects from the point of public participation is much higher in rural areas and this is why PI is currently hesitant about agreeing to cooperate with the USAID's program.

## **PRELIMINARY PROJECTS IDENTIFICATION**

In recent years, several cities in Albania have been the recipient of large donor financed infrastructure projects. These large projects take several years to develop from project inception through construction and implementation, and are in the multi-million dollar cost range. Although these large projects are providing needed infrastructure improvements, they do not fill all of the infrastructure needs of the cities. Based on our experience in previous projects including the PAPPA project, most cities have multiple infrastructure needs in all public sectors including roads, public buildings, sidewalks, sewage, storm water, green spaces and deferred maintenance.

The problem with these smaller infrastructure projects is that they are too small to interest the traditional larger donor organizations who are not equipped to handle project development of the smaller project. As a result these smaller projects have gone unfunded and unimplemented, but their collective need may be as great or greater than the larger traditional donor projects. These smaller projects are the focus of this USAID program. The following criteria will apply to the selection of potential projects for participation in this program.

### ***Visibility***

In the current transitional period, local city governments are having a difficult time in meeting the organizational needs and the provision of even a minimum level of services. Due to the enormous amount of work needed to upgrade urban infrastructure, compared to the city's limited resources, the general public is growing tired of unfulfilled promises and is demanding improved services. Therefore, the first and highest criteria for potential projects is that they be visible to the general public and promote the fact the their government does exist and is functioning on their behalf.



## **Costs**

In consideration of the program objectives, the projects to be considered should be implementable within a short time frame of approximately 12 months. This restricts the overall size and cost of the project. Although the relationship between cost and implementation time will vary from project to project, in general we will consider projects in the \$10,000 to \$200,000 range in this program. Specific donors may have lower or higher project cost criteria which we will consider when potential projects are matched to donor programs.

## **Health and Public Safety**

In addition to being visible, a higher priority will be given to those projects which impact health and public safety. These impacts may be direct or indirect. For instance, a project which improves drainage or street lighting near a hospital or school will provide indirect health and safety benefits to those facilities. Failed infrastructure, especially in the sewage and waste management sectors can lead to wide spread health problems.

## **Economic Benefit**

The economies of both Tirana and Durres are severely depressed. Although there are many donor programs designed to provide direct assistance to local businesses and industries, improved city infrastructure will also provide indirect benefits to local businesses. Improved roads, water, sewerage and drainage in business and industrial zones are examples of projects which provide secondary economic benefit. Infrastructure projects which promote tourism will also be considered but will receive a lower economic benefit priority.

## **Jobs Creation**

Unemployment is very high throughout Albania. A higher priority will be given to those projects which will generate long or short term local employment. Labor intensive projects are preferred, using local workers.

## **DURRES**

The project team met with Durres city staff over a two day period identifying projects for potential funding under this short term investment plan or other donor programs. Many of these projects are directly related to the large influx of people into the urban area, and the resultant informal, illegal physical development which has occurred.

These projects can be grouped in the following categories:

- Road Construction/Resurfacing
- City Cleaning - Jobs Program
- Sewers
- Water Distribution
- Urban Planning
- City Greening

### ***Road Construction and Resurfacing***

The first thing one notices upon entering Durres is the poor condition of its roads. This is due to many reasons, including heavy truck traffic from Albania's largest port, deferred maintenance and water/sewage upgrades which did not include adequately repaving of utility trenches. The EC PHARE Cross-Border Cooperation Programme has proposed an improvement/reconstruction of the extension of commerce street to the new fishing jetty and fish processing center north of the city, a distance of 7 kilometers. This area is also the location of a proposed joint venture Italian/Albanian liquefied gas facility. This 1996 proposal included an estimated cost of approximately \$500,000 to be completed in three phases. The implementation of the feasibility study and design were delayed by the emergency condition in 1997. This project will be reviewed by the PHARE program for possible funding in its next three year plan. The status of the fish processing facility and liquefied gas facilities is not known at this time.

The City has presented six road projects for consideration under the Short Term Investment Plan. These are located on Figure 1 and are briefly described below in order of priority.

# **Entrance Road.** All traffic entering or leaving the city must travel along the main entrance road. The 4-lane road is in poor condition with many potholes and inadequate drainage. This project includes repaving the road with two layers of asphalt and improved drainage. A portion of the drainage improvements have been initiated by the City but a comprehensive review and revised drainage design is required. The project extends from the city gate to the museum on the main boulevard known as Commercial Street, a distance of approximately 2.2 kilometers. This stretch also includes the passenger railway station which links Durres with Tirana, Elbasan and other Albanian cities. The project includes pavement of the parking area in front of the railway station. The City estimates the paving and completion of drainage improvements at approximately \$296,000. Adding signage, traffic lane lines, repair of street lighting and project design and implementation increases the estimate to approximately \$370,000. Since this is slightly above the range of projects in this program, the overall project can be split into two smaller projects, divided at the railway station. Project 1a would include the entrance gate to the railway station at \$244,000, with project 1b from the

railway station to the museum, including the railway

parking area at \$126,000.

This project had been included in the EC PHARE program prior to the emergency conditions of 1997. Its future development under this program is uncertain.

# **Ring Road.** Since much of the informal, development is occurring in the northern portions of the city, a ring road, or bypass road has been proposed by the City to divert traffic to that area and away from the already congested downtown. The ring road will also handle truck traffic traveling to and from the proposed fish process and liquefied gas facilities. The alignment of this road is shown on Figure 1, and would tie into two secondary streets, which in turn will connect to Commercial Street. This project is proposed in two phases. The first phase, 2a, will extend from the entrance road and along the secondary street running along the southern edge of the football stadium park. The second phase, 2b, would extend the ring road to the north and connect it with New Life Road. City estimates are \$97,000 for phase 2a and \$180,000 for phase 2b. A formal design, drainage improvements and project development are expected to increase the costs to \$122,000 and \$225,000 respectively.

# **Road Extension.** This proposed project is in the northern informal expansion area and is an important link between the growing residential area, the football stadium park and schools and neighborhood health care facilities. The 250 meter street extension will service approximately 200 multi-story housing units and a population of about 5,000. The City estimate for the project is \$92,000.

# **Tower Square Paving.** The City will pave a portion of a secondary road from the Tower Square adjacent to the port. This road connects the downtown area with the post office, market area and the railway station. However, City funds were not sufficient to pave the Tower Square which is a focal point of the downtown commercial area, especially during the summer months when the downtown and beach area is crowded with vacationers. This project includes paving the Tower Square and is estimated by the City to cost approximately \$8,400. There is a potential for businesses in the area to share in the cost of this project or in expanding the project to include other downtown improvements.

# **Industrial Road Paving.** The Shkozë section of Durrës is also suffering under major informal development. This project includes the repaving of one of the roads in the industrial area of Shkozë which also serves a growing residential area. Enterprises along the road have expressed a willingness to participate in the cost of paving this 700 meter long road. The City's cost estimate is \$116,000.

# **North Beach Road Extension.** The area north of the city center along the coast is developing rapidly. The paving of approximately 580 meters of this road will improve access to the area's growing residential neighborhoods and access to nearby public facilities. The City estimate for the project is \$36,000.

#### Road Projects Summary

Description	City Estimate (\$)	Project Estimate (\$)
Entrance Road-Phase 1	\$195,000	\$244,000
Entrance Road-Phase 2	\$101,000	\$126,000
Ring Road-Phase 1	\$98,000	\$122,000
Ring Road-Phase 2	\$180,000	\$225,000
Road Extension	\$92,000	\$115,000
Tower Square Paving	\$8,400	\$10,500
Industrial Road Paving	\$116,000	\$145,000
North Beach Road Extension	\$36,000	\$45,000
Totals	\$826,400	\$1,032,500

#### City Cleaning - Jobs Creation

The City has proposed a jobs program to perform cleaning of most areas of the city. Due to the difficult transitional period of the last 5 years, construction waste, litter, and uncollected waste has accumulated throughout the city. This has had a negative impact on commercial areas as well as creating health and safety problems in residential areas. The city has done a thorough job in researching the City cleaning needs and preparing a work plan and cost estimate for projects throughout the city. This program will utilize existing city equipment, supervision by existing staff and common labor from the unemployment social assistance program. The program is based on a labor salary of 8,000 Lek per month, and a duration of three months. If more than two or three projects are implemented at the same time, some equipment may be required from the private sector.

The largest waste problem is construction and demolition waste as the result of ineffective enforcement of regulations and the dramatic increase in informal housing development. This waste is piled throughout the City in vacancy lots, street corners and on public streets. The cost and manpower for removal of demolition waste is further summarized in the following table along with eight other City cleaning

projects. The City cost estimates shown in the table should be increased for administration and supervision if they are to be implemented by an NGO or other non-City

entity.

#### City Cleaning Projects Summary

Description	Workers Required	City Estimate(\$)
Construction/Demo Waste	40	\$16,800
Public Squares & Parks	40	\$12,300
Landfill Access Road	10	\$1,800
Unpaved Local Streets	20	\$3,500
General City Cleaning	25	\$5,100
Football Stadium Park	60	\$94,000
Cemeteries	10	\$1,800
Beach Area (3 zones)	60	\$17,000
Sewage Canals/Waste Areas	10	\$3,000
Totals		\$155,300

#### Sewers

The sewerage collection system in Durrës is in very poor condition, due primarily to deferred maintenance and informal housing development. Throughout the mid 1990's, the sewer department has not had adequate equipment to perform needed maintenance of the sewer collection system or make minor repairs. Major problems include sediment build-up in sewer pipes and chambers and root intrusion.

During a 1996 assessment under a different program, the department had only hand tools and wheelbarrows to perform maintenance and repairs. This was obviously inadequate. This situation was improved in mid 1997 when the World Bank Water Improvement Project restored pumping station number 7 and eliminated raw sewage discharge at the beach near Tower Square. The World Bank program also provided \$300,000 in maintenance/cleaning equipment for the sewage system consisting of a backhoe and vacuum/jet cleaning truck. Due to the lack of a sewer system map and other resources, this new equipment is used nearly 100 percent on addressing emergency blockages and pipeline breaks, and routine maintenance of the system is still not being performed.

Two specific projects are being considered by the City for implementation but budget resources do not exist. The first project is in the general new housing area, north of the Stadium Park but in a planned development. Roads, building lots and main sewer

collectors exist but sewer extensions down side streets have not been constructed due to lack of funds. Houses are being constructed and occupied without sewage connections. This has created a serious health threat with stagnant sewage collecting in low areas and flowing overland along public streets. The City estimates a cost of \$23,000 for 515 meters of 400 mm sewer extensions to service the area.

The second defined project is along a downtown commercial street, near the post office, bus station and several schools. The sewers in this area are totally blocked and/or damaged and could not be cleaned with the new cleaning truck. Raw sewage flows in the streets, causing obvious health hazards. A new sewer line, 155 meters long is proposed by the City costing an estimated \$10,000.

In addition to the above specific projects, primary needs for the sewer department include additional equipment for sewer maintenance, an up-to-date sewer system map, and replacement/repair materials, including replacement pipe, repair clamps, pumps, pipe plugs, manhole grates and covers, and storm sewer inlet grates. Sewer system equipment needs are currently being documented by the City. The following table of projects is preliminary and will be revised when the City documentation is completed.

#### Sewer Projects Summary

Description	Project Cost Estimate (\$)
Sewer Extensions	\$23,000
Downtown Sewer Replacement	\$10,000
System Mapping	\$150,000
Repair/Replacement Parts Inventory	\$80,000
Miscellaneous Tools, Equipment, Pumps	\$100,000
Sewer Rodder, Root Cutter	\$50,000
Total	\$413,000

## **Water Distribution**

Although the large World Bank project repaired and replaced 50 to 60 percent of the water distribution system, there is still a lot of work to be done to complete the transition of the state owned water utility to a self-sustaining enterprise. One area that was not addressed by the World Bank project is illegal connections by informal housing development. The water utility would like to begin this effort along a 4 km section of the Kavije pipeline. It is estimated by the Water Utility that 4,000 to 5,000 people are illegally connected to the 500 mm supply pipeline. This practice not only results in lost water through illegal connections, but the structural integrity of the Kavije pipeline is threatened by these connections, which use crude below standard connection methods. The Utility proposed to install a new parallel distribution pipeline, disconnects all the illegal connections and reconnect them to the new pipeline, with water meters. This project is estimated at \$120,000 by the Water Utility.

A second project proposed by the Water Utility is the upgrading of water mains in the Shkozë area. This area is served by small diameter pipelines which are in poor condition and cannot serve the needs of existing and future industrial development, or the informal housing which is developing behind the industrial area. An estimated \$20,000 would replace approximately 1.5 kilometers of old pipeline and improve serve to an estimated 3,000 to 4,000 residents and several private enterprises.

### **Water Projects Summary**

<b>Description</b>	<b>Utility Cost Estimate (\$)</b>
Kavije Distribution Pipeline	\$120,000
Shkozë Distribution Upgrade	\$20,000

## **Urban Planning**

The ability of the City to continue providing services during the transition period of increasing urbanization and demand for housing, depends in part on its ability to plan and implement new areas for residential, commercial and industrial development. The planning department's, and the City's most urgent need is a process to control informal, illegal housing development. This is primarily a political decision, requiring the political will at both national and local levels. This difficult process could be helped by giving the urban planning department the necessary tools to plan for the future.

A Phase I Master Plan was completed by the University of Pescara, Italy as part of the EC PHARE Cross-Border Cooperation Programme in 1995, including planned areas in the norther informal expansion areas. This plan is not being respected by the development or the City. A second, more comprehensive phase of the Master Plan was proposed for the 1996 EC PHARE programme but its implementation was delayed by the 1997 emergency conditions.

The World Bank water distribution project has begun the process of computer design and mapping of City infrastructure. This process needs to be continued through the Urban Planning Department, but this department lacks any computer capability. All planning, mapping etc., is performed using manual methods. The Short Term Investment Plan recommends a computer planning package for use by the planning department. Computer, plotter, software and training are estimated \$20,000.

Several specific infrastructure projects are being promoted by the Urban Planning Department. These include an erosion protection project along the downtown, north beach area. The existing sea wall needs repair and the wall should be extended to protect new development along the beach area north of the downtown. The City estimate for these improvements is \$90,000.

Two other projects in the downtown beach area will improve economic, social and recreational conditions in the area. The existing public swimming area, consists of outside and inside pools which have not operated since 1992. An estimated \$60,000 would be required to upgrade the public swimming area.

An amphitheater in the beach area was a focal point for concerts and other neighborhood events, but like the swimming area has not been functional in many years. The City estimates that \$45,000 would be required to rehabilitate the amphitheater.

#### Urban Planning Projects Summary

Description	City Estimate (\$)
Computer Equipment	\$20,000
Sea Wall Repair and Extension	\$90,000
Swimming Area Rehab	\$60,000
Amphitheater Rehab	\$45,000
Total	\$215,000



## City Greening

Durres is a major port of entry for visitors and tourists entering Albania from other European Countries. Durres is also the most utilized vacation area for Albanians during the hot summer months of July and August. Therefore its physical appearance is important to both the local economy and public image of Albania. The City is proud of its parks and green areas but these have suffered significant damage during the transition period and new green spaces are needed in areas of rapid residential and commercial expansion. The City has proposed a plan for repairing and upgrading existing green areas and planting new trees along major transportation routes in the northern expansion areas. These small projects could be implemented with existing City employees with additional funding required only for trees and others plants. These projects are summarized in the following table:

### City Greening Projects Summary

Area to be Planted	City Estimate (\$)
City Entrance Road	\$12,000
Commercial St. City Hall to Port	\$16,000
City Hall to Sport Palace	\$25,000
Sport Palace to Stadium Park	\$47,000
Parks - Stadium Park, North Beach, Tower Square, Railway Station	\$50,000
Total	\$150,000

## Other Projects

During our interviews with the various departments in Durres, several other projects were mentioned which although do not meet the criteria established under the Short Term Investment Plan are worthy of mention.

The Urban Transportation Department operates the City bus service. At full capacity, the system should operate 20 buses but only 14 buses are currently operating, averaging 16 hours per day. Ten of the current buses are very old and are a challenge to keep running, since spare parts are difficult to find. The department is doing an admirable job, just keeping the existing buses running. The department would like to add 10 new buses in the next two years. Rehabilitation of the existing repair and maintenance facility was also listed as a priority for

the Urban Transportation Department.

The Mayor of Durres made a special request during our meetings to assist the city in

protecting and further developing its archeological sites. Durres was the site of a major Roman city during the peak of the Roman Empire, with a population estimated to be similar, if not greater, than the current population of the City. Much of the ancient Roman City lies buried under the existing downtown area of Durres. Approximately 25 years ago, portions of a Roman Amphitheater and thermal baths were excavated near the current city hall. These partially excavated sites became popular sites for Albanians and foreign visitors but are now under increasing pressure from informal construction in the downtown commercial area. The Mayor has asked for assistance in researching and documenting the existing sites and the preparation of a plan for more site excavation and preservation activities to enhance this aspect of the City. Although this is outside the scope of the Short Term Investment Plan, it is being included in this program for possible interest by donor organizations under other funding programs.

**FIGURE 1**

**CITY OF DURRES LOCATION MAP**

**Durres Projects Summary**

<b>Project Category</b>	<b>Estimated Cost</b>
Roads	\$1,032,500
City Cleaning	\$155,300
Sewers	\$413,000
Water Distribution	\$140,000
Urban Planning	\$215,000
City Greening	\$150,000
<b>TOTAL</b>	<b>\$2,105,800</b>

**TIRANA**

The project team met with the directors and staff of Tirana public works departments and enterprises to identify projects for potential funding under this short term investment plan or other donor programs. As the capital city of Albania, Tirana has attracted several large donor financed infrastructure projects, but like Durres, the smaller more visible projects have not been funded or implemented. The projects identified in Task 1 of the Short Term Investment Plan can be grouped in the following categories:

- Sewers
- Road Construction/Resurfacing
- Solid Waste Management
- Water Supply and Distribution
- Street Lighting

**Sewers**

The City identified sewage as its most urgent problem. Specific needs include equipment and funding to perform deferred maintenance. The Japanese aid organization JICA completed a sewage master plan for the city in 1995 and made many recommendation for capital improvements and a maintenance program, but recommendations have not been implemented because of a lack of funds and the poor condition of the system. Of a total 520 kilometers of sewers, a significant portion of the system's capacity is blocked or hydraulically limited by sediment or structural failures. In addition to the poor condition of the existing sewerage system, new informal housing development is occurring in un-sewered areas. These areas utilize communal "septic holes" which are simply large holes or depressions in the ground which fill with the sewage from these homes and businesses. These must be pumped out by the Roads and Sewer

Enterprise on a regular basis. The following specific projects are recommended for inclusion in the Short Term Investment Program.

# **Equipment.** In the 1980's the city had four vacuum cleaning trucks for cleaning sewers and pumping out septic holes in areas without central sewers. These trucks also cleaned storm sewer inlets and chambers, which typically fill up with sediment washed from the street. Only one of these trucks is currently operating and it is old and frequently is broken and unavailable. The City experiences an average of 10 to 15 total blockages per day which result in loss of service and raw sewage flowing in streets and public areas. These are repaired with hand tools, picks and shovels. There is an immediate need for two backhoes to make repairs and install short sewer extensions. An additional two sewer cleaning trucks are also necessary. Combination high pressure water-jet cleaners and vacuum trucks similar to the one provided in Durres by the World Bank Project would be used for removing non-structural blockages, performing deferred maintenance and cleaning septic holes. Two new cleaning trucks are needed immediately with a third truck for the future.

There is also a shortage of materials such as pipe, manhole grates and covers, backfill materials, small tools, pumps, etc. The restoration of the city inventory of materials and small tools is needed.

# **Kodra Priftit.** This is one of the fastest growing residential areas of the City. Current estimates indicate that 5,000 inhabitants live in the area in a mixture of formal and informal housing. This area currently uses septic holes. The City has already expended 10,000,000 Lek for extending a main collector sewer to the area but an additional 29,000,000 Lek (\$187,000) is needed for branch sewers to connect individual housing units. Design has been completed but the City budget is not sufficient to complete this project.

# **Miscellaneous extensions.** In addition to the Priftit area there are numerous sewer extensions that are needed in residential areas to eliminate use of septic holes. Due to limited staff and resources, which are used full time to maintain the existing collection system, the city has not performed a detailed assessment or designs for these areas. For the purposes of this report we will include three miscellaneous sewer extension projects at an estimated \$150,000 each for a total of \$450,000.

**Sewer Projects Summary**

Description	Cost Estimate (\$)
Backhoes (2 at \$180,000 each)	\$360,000
Sewer Cleaning Trucks (2 at \$220,000 each)	\$440,000
Kodra Priftit Sewer Project	\$187,000
Miscellaneous Sewer extensions (3 at \$150,000 each)	\$450,000
Total	\$1,437,000

**Road Construction/Resurfacing**

Tirana's primary and secondary roads and streets are deteriorating rapidly due to a lack of maintenance, increasing traffic, failed drainage systems and improper installation of utilities. Although major roads connecting larger cities are being upgraded with donor funding, local inner city streets are not included in current donor programs. As the City capital, there are local funds for maintaining streets and roads near government facilities but there are no local funds for repaving or new capital projects. The following projects have been identified by City staff as priority areas for road construction or paving.

# **Don Bosco Road.** The area northwest of the City center along the Durres Road has undergone major commercial and residential development in recent years. Several high-rise apartment buildings have been built here and a shoe factory. It is also a link between new residential areas and the Durres Road. The City has installed drainage but funds were not available for paving, lighting or sidewalks. Paving of the 1.0 kilometer road is estimated by the City to cost approximately \$40,000. Adding curbing, sidewalks and street lighting would increase the estimate to approximately \$65,000.

# **Elbasani Road.** Elbasani road is the major east-west highway connecting Tirana with Elbasan, Korce and Greece. It is also the major truck route for goods coming from Greece and Turkey. Although the portions of this road outside the City limits are adequately maintained by the Ministry of Transportation, the City portions of this road are in very poor condition. The road between the channel bridge, past the Student City is in especially poor condition, a distance of approximately 2 kilometers. The road passes by the several embassies and international corporations and is the major walking route for students entering the downtown from the Student City. This road has been damaged primarily by utility trenches which were poorly cut, not backfilled properly and repaved with a thin layer of new asphalt. Due to the poor backfill compaction, the pavement quickly failed. The trench damage is now

spreading as trench edges continue to deteriorate. This

portion of the road requires new paving, some reconstruction and sidewalk improvements. A brief feasibility study should be performed to verify the estimated cost of \$110,000.

# **Seismic Institute Area.** This area, to the northeast of Don Bosco Road is also in need of street pavement, lighting, sidewalks and curbing. This is an area of new five to six story apartment building and a population of about 5,000 inhabitants. A design has been completed and everything except paving has been included in the City budget for 1998. The estimated cost of paving is 10,000,000 Lek or about \$65,000.

# **Ring Road.** The Ring Road is a series of City roads that are used by commercial and residential traffic to by-pass the City center area. The traffic on these roads is heavy and the pavement is deteriorating and needs resurfacing. Most of the deterioration is due to utility trenches along the sides of the road. These trenches were dug without cutting the existing pavement which has left jagged pavement edges. The failure to properly repave the trenches has led to most of the damage. These trenches need to be cut back and repaved to protect the remainder of the pavement. The total length of the Ring Road is approximately 8 kilometers. A feasibility study should be performed to prioritize the various segments for paving and cost estimates. For the purposes of this report we will assume \$150,000 for paving the highest priority portions of the Ring Road.

# **Durres Road.** The road to Durres, beyond the City limits is being reconstructed by a major donor project. The City portion of this road is in poor condition and needs new pavement. The City estimates 12,000,000 Lek or approximately \$80,000 to pave the 1.25 km City portion of the Durres Road.

# **Kavije Road.** Similar to the Durres Road, the City portion of the Kavije road is in poor condition, requiring new pavement. The pavement of the 1.5 km City portion of this road is estimated at 15,000,000 Lek or \$98,000.

# **Ali Demi Road.** The Ali Demi Road is a major secondary road connecting with the Ring Road just north of the beginning of Elbasani Road. The pavement along this road is totally deteriorated and the drainage is not functioning. The road services a population of 8,000 to 10,000 and several schools are located in the neighborhood. The estimated cost to repave the road and restore the drainage system is \$55,000.

**Summary of Road Projects**

Description	Cost Estimate (\$)
Don Bosco Road	\$65,000
Elbasani Road	\$110,00
Seismic Institute Area	\$65,000
Ring Road Improvements	\$150,000
Durres Road	\$80,000
Kavje Road	\$96,000
Ali Demi Road	\$55,000
Total	\$621,000

***Cleaning / Solid Waste Management***

The waste management and cleaning enterprise has a staff of 210 employees, of which 140 are sweepers. The primary problems of the enterprise are equipment. Four years ago the City began a transition to private waste collection as a way of avoiding the high capital costs of replacing the old collection trucks used in the 1970's and 1980's. Two such contracts are in place, covering approximately 60 percent of the city, using 1.1 m<sup>3</sup> containers. There are some problems with these contracts and they will be reviewed at the end of their 5-year contract terms in 1999 and 2000 before being re-bid or extended. The City Cleaning Enterprise is responsible for collecting waste in the other 40 percent of the City. Specific needs of the Cleaning Enterprise are presented below.

# **Equipment.** The department has 15 trucks including three waste compactor trucks, recently donated by the Italian government. Only one of these trucks is equipped to load 1.1 m<sup>3</sup> containers which has become the standard container in Albanian cities. The other two Italian trucks are equipped with lifting devices to load 210 liter containers which are not appropriate for use in Tirana. Conversion of these two trucks to handle the large containers would improve the efficiency of the enterprise. If the trucks cannot be converted, at least one new truck should be considered in the near future.

At the present time the City does not have any containers for its own collection. Waste is collected manually from informal storage areas. Therefore, the highest priority for the Enterprise is 300 containers that would eliminate the open storage of waste, increase collection efficiency and improve health conditions near waste storage locations. The most serious problems are in the Student City, where 50 new containers would be placed. Others would be placed in market areas and informal dumping locations. The City



estimates the cost of used containers at \$150 to \$200 each, with new containers being \$450 each.

In addition to large waste collection containers, there is also a need for more small litter containers. Although there are some containers in the downtown area, the enterprise estimates that 12,000 to 15,000 would be needed to cover the entire city but that 2,000 to 3,000 would cover the priority areas. These basic metal litter containers are made locally at an estimated cost of \$10 each. Small tools, equipment and protective clothing for street sweeping is also needed, such as push carts, brooms and shovels. Fifty dollars per sweeper should be sufficient to provide each sweeper with a cart, broom and shovel as well as overalls and gloves.

# **Landfill Upgrade.** The existing landfill is nearing its maximum capacity. There are several international donor projects directed at new disposal capacity but these are several years from implementation. There is an immediate need to implement an interim landfill management plan to add several years of capacity to the existing active life of the site and to address several existing practices which are a threat to workers and scavengers at the site, and environmental quality. USAID, under another program, will prepare and fund the preparation of the interim landfill plan but capital improvements anticipated in the plan are not currently funded. Capital improvements are likely to include equipment, stream diversion piping and excavation of additional volume and cover soil. The rough estimate of these capital costs is \$300,000.

#### Summary of Cleaning Projects

Description	Cost Estimate (\$)
300 1.1m <sup>3</sup> Containers @ \$450 each	\$135,000
3,000 Street Litter Containers @ \$10 each	\$30,000
Sweeping Equipment & Tools	\$7,000
Collection Truck Conversion	\$40,000
Landfill Interim Capital Improvements	\$300,000
Total	\$512,000

## **Water Supply and Distribution**

Water is supplied to the City of Tirana by a variety of sources, including mountain springs and reservoirs, well fields and pumping stations. The current water supply is limited and the distribution grid is about 50 years old and in need of upgrading. Water is currently supplied twice per day to most customers, due to limited supply and the numerous leaks in the distribution grid.

A large new reservoir and treatment plant will begin operation in late 1998 or early 1999 which will dramatically increase the amount of water available to the distribution grid.

Another new project is nearing completion which will include a new supply pipeline to the Lapraka area of the city where rapid commercial and residential development is occurring. This area is now fed from the other side of the city, through the distribution grid. The losses due to leakage and friction in the city grid result in low pressures in Lapraka. The new supply line will cure the pressure problems in Lapraka.

Although the new reservoir/treatment plant, and the new Lapraka supply line will increase water supply, they are expected to dramatically increase water pressure in the City distribution system. A feasibility study of the old 50 year old distribution system is needed to evaluate the impacts of the higher system pressures and rehabilitate the high volume of system leakage. A pilot project has been implemented in the Kombinet neighborhood of Tirana which will evaluate and rehabilitate a portion of the distribution system serving a population of 25,000. Although a full feasibility study is outside of the criteria of the Small Investment Plan, the Water Enterprise identified some small projects which will help them cope with the coming changes and improve service to several of the rapidly developing areas.

# **Pressure Regulating Valves.** Due to the variety of water supply sources and elevations in the City, there are approximately 150 to 200 pressure regulating valves that separate and control different pressure zones. According to the Enterprise, these valves are in poor condition and do not function properly. Under current conditions, with pressurized service only twice per day and the many distribution leaks, the actual purpose of the valves is diminishes. The low flow and many leaks, actually prevent high pressure from building up in the low areas of the system. However, when the new reservoir comes on-line and the Lapraka supply pipe is activated later this year, pressure within the City distribution system is expected to increase dramatically. Without properly functioning pressure regulating valves, the low areas could be over pressurized, increasing the leakage rate and causing many of the 50-year old pipes to fail. The Water Enterprise estimates the cost of replacing or repairing the regulating valve at 150,000,000 lek or \$97,000.

# **Kamza Supply Pipe.** The Municipality of Kamza is a rapidly growing portion of the Tirana region which is supplied by the Tirana Water Enterprise. The current 150 mm supply pipeline is inadequate to supply the estimated 20,000 to 30,000 residents of Kamza. An

additional 1.1 kilometer, 250 mm supply pipeline is proposed by the Enterprise at an estimated cost of 12,000,000 lek or \$77,000.

# **Laknag Supply Line.** The Laknag pumping station and well fields are an important supply source for the city of Tirana and Kamza. At the present time this supply line is being threatened by rapid informal development which is illegally tapping into the high pressure pipeline. The Enterprise proposes to install a parallel distribution pipe, disconnect the illegal connections and make legal connections with water meters. The estimated cost of the project is 6,000,000 lek or \$39,000.

# **Accounting Systems.** A major aspect of the decentralization of municipal services is the assessment and collection of user fees. The installation of water meters is an important part of this process but the \$4,000,000 estimate is well outside the limits of this program. Existing water bills are based on estimated usage and the billing and accounting system is manual. There is a need for a computerized billing and accounting system estimated at \$12,000.

#### Summary of Water Projects

Description	Cost Estimate (\$)
Pressure Reducing Valves	\$97,000
Kamza Supply Pipe	\$77,000
Laknag Supply Line	\$39,000
Computer Accounting System	\$12,000
Total	\$225,000

#### Street Lighting

The Street Lighting Enterprise in Tirana is the first decentralized street lighting enterprise in Albania. All others are still under the State control. As the country's capital city, street lighting is very important in Tirana. It provides security for government offices and the many foreign institutions that have established offices during the transition period. The lighting also enhances the appearance of the City and encourages night time activities. Like most infrastructure in Albania, the street lighting in Tirana suffers from deferred maintenance. Fixtures are very old and inefficient and many light poles have been destroyed or damaged and not replaced. Power cables are old and corroded and many have been damaged by illegal connections for illegal kiosks. One significant issue is the relationship between street lighting and greening. In many areas of Tirana, trees have grown and in many instances now cover the street lights, reducing their effectiveness. New lighting is necessary below the trees.

This is most evident along the main boulevard.

The Street Lighting Enterprise has performed a comprehensive study and design of street lighting along major roads in the City. These projects are for total replacement of the systems, including fixtures, poles, cables and control panels. The projects are summarized in the following table:

#### Summary of Street Lighting Projects

Description	Cost Estimate (\$)
Durres Road	\$85,000
River Channel (both sides)	\$165,000
Main Square	\$25,000
Boulevard	\$258,000
Student City	\$32,000
Total	\$565,000

#### Tirana Projects Summary

Category	Cost Estimate (\$)
Sewers and Drainage	\$1,437,000
Roads	\$621,000
Cleaning / Solid Waste	\$512,000
Water Supply & Distribution	\$225,000
Street Lighting	\$565,000
Total	\$3,360,000

**FIGURE 2**  
**CITY OF TIRANA LOCATION MAP**

## CONCLUSIONS AND RECOMMENDATIONS

The assessments completed by project team during the initial field trip to Albania lead to an overall strong recommendation for proceeding with the second phase of the project implementation.

The two previous sections of this report summarizing the evaluation results of the demand and supply sides of the program i.e., evaluation of short-term investment projects needs and identification of the potential donor organizations willing to fund such projects clearly indicate that the principal condition of effective program, i.e., a balanced demand/supply relation has been met. There is a tremendous and unquestionable need for provision of the short-term municipal investment program and there is availability of donors who have stressed a strong signal of support, who agree with program objectives and intent to incorporate those in their program strategies and finally who are committing to participate in full funding of selected projects.

The program is also of great interest to the newly created Albanian Ministry of Local Government. During the discussions with ministry officials a full understanding for program objectives and anticipated results have been gained. On behalf of the Ministry Mr. Taulant Dedja a General Director of the Secretariat for Local Government declared a cooperation and support to a program and asked for considering his institution as a primary counterpart of the program. A request was also made for the program experts to assist the Ministry in respective advisory functions.

The issues that still need to be addressed to complete the development of a comprehensive strategic approach for the program include the feasibility of effective citizens participation but most importantly a degree and a form of program's engagement in actual investment projects implementation phase.

Whereas the most effective citizen participation program complementary to the results stemming from the physical construction of investment projects may be developed under Task No. 2 of the program the second issue dealing with specifics of engagement during projects implementation phase needs to be decided upon prior to initiation of any subsequent activities.

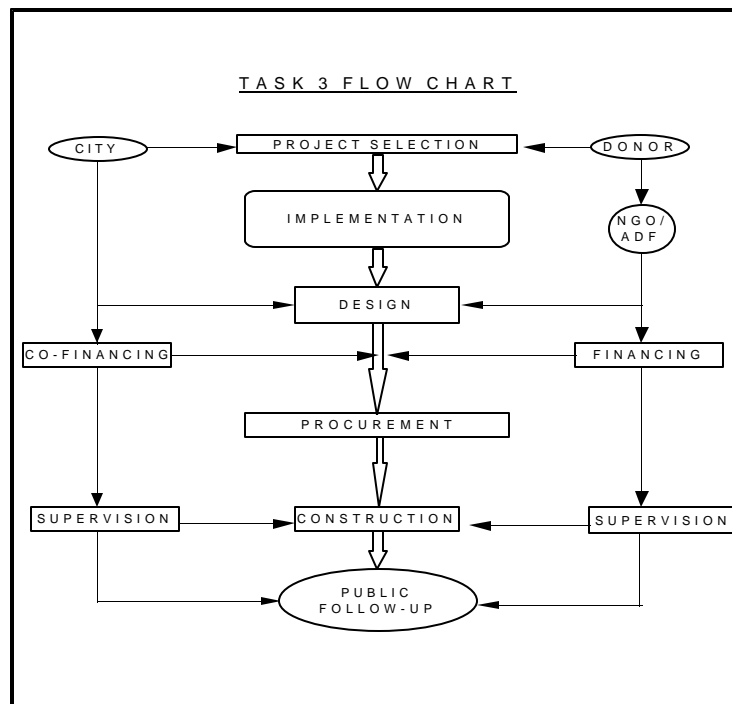
The question on investment projects implementation came up when it became apparent that most of the donor organizations have either direct or indirect capacity through their own framework contractors or through participating NGOs to assume full responsibility for technical projects preparation and their ultimate implementation once such projects have been identified at the local government level and developed to a point that they meet donor's criteria and become acceptable for donor's funding. This initial projects identification and packaging, however, which is a part of the Task No. 1 and No. 2 under RFS-117 is of unquestionable value to the donors. It is therefore recommended to concentrate the technical assistance

under Task No. 3 on building the capacity of respective local government departments in effective project management and implementation while maintaining good project coordination with the donors capable of taking over the charge on project supervision and implementation. However, due to the fact that historically it was the effectiveness of the project implementation phase that in most cases decided about the success or failure of the program it is recommended that the project team should retain its influence on overall implementation of each of the investment projects and continue close cooperation with the donors or their assigned representatives to facilitate identification and elimination of any obstacles that may jeopardize the timely results of the program.

The following Task No. 3 flowchart illustrates the phase of program implementation under which the donor ensures adequate supervision and control of investment project technical preparation and construction while USAID supports the activities to be carried out by the city and in doing so improves the capacity of local government for independent project management and monitoring.

An alternative to the approach presented above would be to take a full advantage of donors capacity to fully carry out projects' technical preparation and implementation and limit the technical assistance under USAID program to tasks No. 1 and No. 2 only but for much larger number of municipalities thereby spreading the impact of the program and creating stronger case for ongoing decentralization process. This approach makes sense under the

situation where good investment projects are in demand by the donors and where there is a surplus of donor funds over what is to be funded for the municipalities of Tirana and Durres. At this initial stage of program development and assessment of opportunities it appears that



these two conditions exist. It is however the next Task No. 2 of the program that will provide a better answer on feasibility of this alternative.



## **NEXT STEPS**

The plan for subsequent activities to be undertaken by project team members is a consequence of recommendations presented in previous section of this report. The following outline summarizes activities and corresponding schedule for the balance of activities to be carried out under next project Task No. 2.

### ***Activity 1***

To maintain the project momentum upon conclusion of Task No. 1 the local members of the project team shall engage in the following activities:

- ! Prepare Albanian translation of short-term investment project descriptions contained in the report and submit those for review and comments to respective municipalities.
- ! Submit project information memorandum to all selected donor organizations.
- ! Maintain communication with donor representatives by continuing inquiries about status of donor programs development and the information on specific project selection criteria.
- ! Maintain contacts with municipal officials involved in project identification and preparation and initiate reviews of identified projects technical documentation to confirm the scope and cost estimates accuracy and to generate any additional information such as plans, maps or specifications as may be required by the Infrastructure Engineer to facilitate the development of investment proposals for the donors.

**Assigned Personnel :** Local Staff

**Timing:** April 30 - August 30

### ***Activity 2***

Design a plan for the development and implementation of a feasible public participation program in a manner compatible with overall project objectives and with work previously completed under Albania Public Administration Project:

- ! Citizen Participation Specialist reviews materials developed under PAP and other available information.
- ! Citizen Participation Specialist accompanied by Infrastructure Engineer visits

Tirana and Durres for the purpose of evaluating local situation and organizing citizens/city council members input for prioritization of long list investment projects identified under Task No.1.

- ! Citizen Participation Specialist prepares report with findings and recommendations for public participation activities to be undertaken during the subsequent phases of project implementation.

**Assigned Personnel:** Citizen Participation Specialist

**Timing:**

— Activity 2a	June 1 to June 6	(Home Office)
— Activity 2b	June 8 to June 20	(Field)
— Activity 2c	June 8 to June 20	(Field)

**Activity 3**

- ! Develop a short list of prioritized short-term investment projects for Tirana and Durres; finalize projects technical verification and packaging for submission to donors.
- ! Infrastructure Engineer finalizes prioritizing of projects based on input from the Citizens Participation Specialist:
- ! Infrastructure Engineer completes verification of selected projects costs, scope and overall technical feasibility, e.g., compliance with master plans, construction laws, supervision, follow-up operation and maintenance capacity, etc., and defines project implementation schedules based on inputs from municipalities.
- ! Infrastructure Engineer with input of the Infrastructure Finance Specialist finalizes preparation of investment projects proposals for submission to donors.

**Assigned Personnel:** Infrastructure Engineer

**Timing:**

— Activity 3a	June 8 to June 13(Field)
— Activity 3b	June 8 to June 13(Field)
— Activity 3c	June 15 to June 20(Field)

#### **Activity 4**

- ! Submit investment projects proposals to the donors, coordinate financing plans and implementation schedules with donors and municipalities.
- ! Infrastructure Finance Specialist reviews prioritized list of investment projects proposals, submits proposals to the donors, develops and coordinates a plan for investment projects funding in Tirana and Durres.
- ! Infrastructure Finance Specialist reviews donors project implementation procedures and coordinates financing plans with selected projects implementation schedules.
- ! Infrastructure Finance Specialist develops recommendations for the follow-up activities.

**Assigned Personnel:** Infrastructure Finance Specialist

**Timing:**

- |               |                                  |
|---------------|----------------------------------|
| — Activity 4a | June 15 to June 20 (Field)       |
| — Activity 4b | June 15 to June 20 (Field)       |
| — Activity 4c | June 22 to June 27 (Home Office) |

**NOTE:** The field trip of Citizens Participation Specialist (Activity 2b) overlaps with field trip of Infrastructure Engineer (Activity 3a) and with field trip of Infrastructure Finance Specialist (Activity 4a) to coordinate projects prioritization task and develop recommendations for follow-up activities.

The field trip of Infrastructure Finance Specialist (Activity 4a) overlaps with field trip of Infrastructure Engineer (Activity 3c).

## APPENDIX 1

### LIST OF INTERVIEWED OFFICIALS

April 16-30, 1998

Organization	Name of the Person	Position
Ministry of Local Government	Taulant Dedja	Director General
Municipality of Durres	Arqile Gorrea	Mayor
	Kostandin Kureta	Head of Cordination Office
	Majlinda Ballhysa	Director of Service Department
	Dhimiter Milja	Head of Urban Planning Office
	Aleko Vodica	Head of Cleaning & Greening Section
	Ardian Radovicka	General Manager of Water Utility
	Artor Koçilia	Chief Eng. of Road and Sewerage Ent.
	Arben Sakurti	Head of the Urban Public Transportation
Municipality of Tirana	Albert Brojka	Mayor
	Lulzim Qinami	Director General of Public Works
	Lluka Llukani	Director of Road & Sewerage Department
	Pashk Shkurti	Director of Road & Sewerage Enterprise
	Sulejma Sula	Head of Cleaning and Grinning Section
	Bashkim Meta	Director of Cleaning & Grinning Ent.
	Vladimir Gjini	General Manager of Tirana Water Utility
	Skender Muça	Head of Street Lighting Sector
World Bank Resident Mission	Arben Bakllamaja	Project Officer
Albanian Develop. Fund	Christian Houel	Advisor to PHARE PMU

Organization	Name of the Person	Position
EU PHARE WATER PMU	Paddy Kavanagh	Resident Advisor/Team Leader
EU PHARE ROAD PMU	Artan Guxho	Director
EU Delegation	Alexander Arrabio	PHARE Co-ordinator
ECHO Fund	James Shephard-Barron	Resident Co-ordinator
German Embassy	Peter Blumeyer	Second Secretary
Italian Co-operation Agency	Maurizio Di Calisto	Resident Co-ordinator
Swiss Agency for Co-operation	Giorgio Fontana	Co-ordinator
MOLISV (Italian NGO)	Mariella Sandini	Programme Manager
Plan International - Albania	Annuska Heldring	Country Director
	Pirro Cenko	Program Manager

## APPENDIX 2

### PRELIMINARY PROJECTS FINANCING SUMMARY (Tirana and Durres)

#### Tirana Projects Summary

Project Category	Cost Estimate (\$)
Sewers and Drainage	\$1,437,000
Roads	\$621,000
Cleaning / Solid Waste	\$512,000
Water Supply & Distribution	\$225,000
Street Lighting	\$565,000
Total	\$3,360,000

#### Durres Projects Summary

Project Category	Estimated Cost (\$)
Roads	\$1,032,500
City Cleaning	\$155,300
Sewers	\$413,000
Water Distribution	\$140,000
Urban Planning	\$215,000
City Greening	\$150,000
Total	\$2,105,800